

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Looking Glass Regional Fire Authority	County Clinton
Fiscal Year End 12/31/2006	Opinion Date 06/19/2007	Date Audit Report Submitted to State 06/21/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

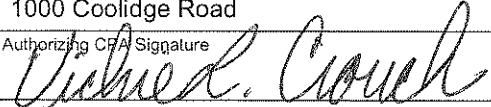
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Layton and Richardson, P.C.		Telephone Number 517-332-1900	
Street Address 1000 Coolidge Road		City East Lansing	State MI
		Zip 48823	
Authorizing CPA Signature 		Printed Name Vickie L. Crouch	
		License Number 1101013436	

LOOKING GLASS REGIONAL FIRE AUTHORITY

CLINTON COUNTY, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

AND

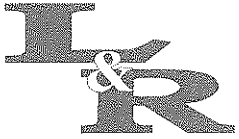
INDEPENDENT AUDITORS' REPORT



Layton & Richardson, P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Looking Glass Regional Fire Authority
Grand Ledge, Michigan

We have audited the accompanying financial statements of the business-type activities of Looking Glass Regional Fire Authority as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Looking Glass Regional Fire Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Looking Glass Regional Fire Authority as of December 31, 2006 and 2005, and the respective changes in financial position thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 2 through 3 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2007, on our consideration of Looking Glass Regional Fire Authority's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audits.


Certified Public Accountants

East Lansing, Michigan
June 19, 2007

Looking Glass Regional Fire Authority

Management's Discussion and Analysis

Using This Report

The annual report consists of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. Along with the footnotes, they provide detailed financial information concerning the Authority. This section, the Management's Discussion and Analysis, is intended to provide an overview of the Authority's financial condition, results of operations, and other key information.

Financial Overview

In analyzing the Authority's financial position, it is important to recognize the purpose of the Authority. The Authority was formed in October 2001 to operate, maintain, administer, and manage a joint fire department for the benefit of constituent municipalities, both Watertown Charter Township and Eagle Township. The Authority's income primarily comes in as contributions and service contract payments from Watertown Charter Township (65%) and Eagle Township (35%).

The following table shows the major components of net assets for December 31, 2006 and 2005:

	2006	2005
Capital assets	\$ 1,749,751	\$ 1,856,805
Other assets	<u>74,910</u>	<u>55,611</u>
Total Assets	1,824,661	1,912,416
Liabilities	31,974	34,320
Net assets		
Invested in capital assets:		
Land	107,100	107,100
Equipment, net	<u>1,642,651</u>	<u>1,749,705</u>
Invested in capital assets	1,749,751	1,856,805
Restricted for equipment	9,604	5,584
Unrestricted		
Prepaid expenses	1,031	8,793
Available	<u>32,301</u>	<u>6,914</u>
Unrestricted	<u>33,332</u>	<u>15,707</u>
Total net assets	<u>\$ 1,792,687</u>	<u>\$ 1,878,096</u>

(Available unrestricted net assets would be divided 65/35 Watertown Township - \$20,996/Eagle Township \$11,305 for 2006.)

Looking Glass Regional Fire Authority

Management's Discussion and Analysis

Financial Overview – Continued

The following table shows the major components of the (decrease) increase in net assets for 2006 and 2005:

	2006	2005
Watertown Charter Township Contributions/ Charges for Services	\$ 281,905	\$ 260,776
Eagle Township Contributions/Charges for Services	151,795	140,418
Interest	1,242	861
Contributions/Donation/Refunds	14,248	749
Return of excess contributions	(6,914)	(46,361)
Expenses	(527,685)	(502,349)
Change in net assets	\$ (85,409)	\$ (145,906)

Capital Assets

Capital Assets, consisting of land, building, equipment and vehicles for a new station were added during 2006 and 2005 in the amounts of \$0 and \$40,207, respectively.

Contacting the Authority's Management

This financial report is intended to provide the participating townships with a general overview of the accountability for the money the Authority receives. If you have any question about this report, the Authority may be contacted for additional information.

LOOKING GLASS REGIONAL FIRE AUTHORITY
STATEMENTS OF NET ASSETS

	DECEMBER 31,	
	2006	2005
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 73,879	\$ 46,818
Prepaid expenses	<u>1,031</u>	<u>8,793</u>
TOTAL CURRENT ASSETS	<u>74,910</u>	<u>55,611</u>
CAPITAL ASSETS		
Capital assets not being depreciated	107,100	107,100
Other capital assets, net of depreciation	<u>1,642,651</u>	<u>1,749,705</u>
TOTAL CAPITAL ASSETS	<u>1,749,751</u>	<u>1,856,805</u>
TOTAL ASSETS	<u><u>\$ 1,824,661</u></u>	<u><u>\$ 1,912,416</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,009	\$ 8,000
Accrued payroll and related items	<u>23,965</u>	<u>26,320</u>
TOTAL CURRENT LIABILITIES	<u>31,974</u>	<u>34,320</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,749,751	1,856,805
Restricted for equipment	9,604	5,584
Unrestricted	<u>33,332</u>	<u>15,707</u>
TOTAL NET ASSETS	<u>1,792,687</u>	<u>1,878,096</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,824,661</u></u>	<u><u>\$ 1,912,416</u></u>

See accompanying notes to financial statements.

LOOKING GLASS REGIONAL FIRE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	FOR THE YEARS ENDED DECEMBER 31,	
	2006	2005
OPERATING EXPENSES		
Salaries and related expenses	\$ 252,332	\$ 231,320
Employee benefits/programs	60,928	60,360
Contracted services	3,903	7,352
Operating expense	9,242	8,335
Grant writing		1,950
Accounting fees	9,310	9,066
Advertising	772	465
Board expenses	112	369
Insurance	11,024	12,706
Supplies	7,939	7,503
Turnout gear	4,328	3,875
Training	12,581	4,916
Repairs and maintenance	9,457	13,266
Utilities	12,700	12,400
Depreciation	107,054	108,195
Miscellaneous	26,003	20,271
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	527,685	502,349
OPERATING REVENUES		
Operating contributions	433,700	401,194
Capital contributions and grants	11,834	700
Miscellaneous	2,414	49
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	447,948	401,943
NET LOSS FROM OPERATIONS	<hr/> (79,737)	<hr/> (100,406)
NONOPERATING REVENUES (EXPENSES)		
Return of excess contributions to townships	(6,914)	(46,361)
Investment income	1,242	861
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(5,672)	(45,500)
CHANGE IN NET ASSETS	(85,409)	(145,906)
NET ASSETS, JANUARY 1	<hr/> 1,878,096	<hr/> 2,024,002
NET ASSETS, DECEMBER 31	\$ <u><u>1,792,687</u></u>	\$ <u><u>1,878,096</u></u>

See accompanying notes to financial statements.

LOOKING GLASS REGIONAL FIRE AUTHORITY

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers, contributions and grants	\$ 14,248	\$ 8,440
Cash received from operating contributions	433,700	401,194
Cash payment for goods and services	(118,462)	(128,263)
Cash payment for employees	<u>(296,753)</u>	<u>(278,775)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>32,733</u>	<u>2,596</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Return of excess contributions	<u>(6,914)</u>	<u>(46,361)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>1,242</u>	<u>861</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,061	(42,904)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>46,818</u>	<u>89,722</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 73,879</u></u>	<u><u>\$ 46,818</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ <u>(79,737)</u>	\$ <u>(100,406)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	107,054	108,195
(Increase) decrease in accounts receivable		9,142
(Increase) decrease in prepaid expenses	7,762	(1,036)
Increase (decrease) in accounts payable	9	(24,754)
Increase (decrease) in accrued expenses	<u>(2,355)</u>	<u>11,455</u>
Total adjustments	<u>112,470</u>	<u>103,002</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 32,733</u></u>	<u><u>\$ 2,596</u></u>

See accompanying notes to financial statements.

LOOKING GLASS REGIONAL FIRE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Looking Glass Regional Fire Authority (the Authority) was established by the Township of Eagle and the Charter Township of Watertown. The Authority was incorporated in October 2001, under the provisions of Act 7, Public Acts of 1967, known as the Urban Cooperation Act of 1967. The Authority is governed by a board composed of the residents of each of the constituent Townships. The Authority was formed to operate, maintain, administer, and manage a joint fire department for the benefit of constituent municipalities.

The accounting policies of Looking Glass Regional Fire Authority conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies:

A. Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments*, issued in June, 1999.

B. Basis of Accounting

The accounts of Looking Glass Regional Fire Authority are organized as an Enterprise Fund, which is used to account for its operations as a provider of fire services.

The accrual basis of accounting is used to account for the operations of this Enterprise Fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of the related cash flows.

C. Cash and Cash Equivalents

The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

D. Accounts Receivable

The Authority's accounts receivable are comprised of amounts due from the participating townships stated at invoice amounts. The Authority has determined no allowance for uncollectible amounts is necessary.

E. Property, Plant and Equipment

Property, plant and equipment are recorded at cost. The Authority has a \$2,000 capitalization policy. Repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method based on the estimated useful lives, which range from 5 to 39 years.

LOOKING GLASS REGIONAL FIRE AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2006 AND 2005

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Concluded

F. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2: **PROPERTY, PLANT AND EQUIPMENT**

Cost of property, plant, and equipment and depreciable lives are summarized as follows:

	JANUARY 1, 2006	ADDITIONS	RETIREMENTS AND TRANSFERS	DECEMBER 31, 2006	DEPRECIABLE LIFE
Capital assets not being depreciated:					
Land	\$ <u>107,100</u>	\$ _____	\$ _____	\$ <u>107,100</u>	
Capital assets being depreciated:					
Fire station	1,148,794			1,148,794	39 years
Vehicles	547,497			547,497	15 years
Communication equipment	26,165			26,165	10 years
Shop equipment	28,094			28,094	7-15 years
Office equipment	51,155			51,155	5-12 years
Fire fighting equipment	<u>187,144</u>	_____	_____	<u>187,144</u>	7-10 years
Total capital assets being depreciated	<u>1,988,849</u>	_____	_____	<u>1,988,849</u>	
Total capital assets	2,095,949			2,095,949	
Less: accumulated depreciation	<u>239,144</u>	<u>107,054</u>	_____	<u>346,198</u>	
Net carrying amount	\$ <u>1,856,805</u>	\$ (<u>107,054</u>)	\$ _____	\$ <u>1,749,751</u>	

LOOKING GLASS REGIONAL FIRE AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2006 AND 2005

NOTE 2: **PROPERTY, PLANT AND EQUIPMENT** - Concluded

	JANUARY 1, 2005	ADDITIONS	RETIREMENTS AND TRANSFERS	DECEMBER 31, 2005	DEPRECIABLE LIFE
Capital assets not being depreciated:					
Land	\$ <u>107,100</u>	\$ _____	\$ _____	\$ <u>107,100</u>	
Capital assets being depreciated:					
Fire station	1,148,794			1,148,794	39 years
Vehicles	547,497			547,497	15 years
Communication equipment	26,165			26,165	10 years
Shop equipment	28,094			28,094	7-15 years
Office equipment	51,155			51,155	5-12 years
Fire fighting equipment	<u>187,144</u>	_____	_____	<u>187,144</u>	7-10 years
Total capital assets being depreciated	<u>1,988,849</u>	_____	_____	<u>1,988,849</u>	
Total capital assets	2,095,949			2,095,949	
Less: accumulated depreciation	<u>130,949</u>	<u>108,195</u>	_____	<u>239,144</u>	
Net carrying amount	\$ <u>1,965,000</u>	\$ (<u>108,195</u>)	\$ _____	\$ <u>1,856,805</u>	

NOTE 3: **DEPOSITS**

The Authority's cash and cash equivalents consist of bank deposits. The carrying amount at December 31, 2006 and 2005 was \$73,879 and \$46,818, respectively. The bank balance for December 31, 2006 and 2005 was \$92,366 and \$49,041, respectively. Of these amounts, \$92,366 and \$49,041, respectively, were insured by the Federal Deposit Insurance Corporation. The Authority believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution it deposits Authority funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The Authority has adopted a formal investment policy as required by Act 201, P.A. 1943 as amended, that complies with state law. The Authority has followed this policy.

LOOKING GLASS REGIONAL FIRE AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Concluded

DECEMBER 31, 2006 AND 2005

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, error and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in the past three years.

NOTE 5: DEFINED BENEFIT PENSION PLAN

Annual Pension Cost

For year ended December 31, 2005 the Authority's annual pension cost of \$11,846 for the plan was equal to the Authority's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a five year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

FISCAL YEAR ENDED DECEMBER 31, 2005

Annual pension cost	\$ 11,846
Percentage of APC contributed	100%
Net pension obligation	12,624
Actuarial value of assets	24,574
Actuarial Accrued Liability (entry age)	30,334
Unfunded Actuarial Accrued Liability	5,760
Funded ratio	81.0%
Covered payroll	154,567
UAAL as a percentage of covered payroll	3.7%



Layton & Richardson, P.C.

Certified Public Accountants

LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Directors
Looking Glass Regional Fire Authority
Grand Ledge, Michigan

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East Lansing, MI 48823

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We have examined the financial statements of LOOKING GLASS REGIONAL FIRE AUTHORITY, for the year ended December 31, 2006, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of Looking Glass Regional Fire Authority. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of Looking Glass Regional Fire Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our tests of the internal control procedures included evaluations of randomly selected samples of transactions from payroll, cash disbursements and cash receipts. Although we did not observe any material errors or weaknesses in accounting or financial management, the following recommendations are intended to improve the efficiency and effectiveness of control procedures:

PRIOR YEAR RECOMMENDATIONS

INVESTMENT POLICY

To be in conformity with GASB 40, all investment policies need to be updated. We recommend the Authority update their policy. **This recommendation has been implemented.**

CURRENT YEAR RECOMMENDATIONS

CASH DISBURSEMENTS

Currently, paid invoices can be distinguished from unpaid invoices only by check stubs that are attached to paid invoices. It is possible for the check stubs to become detached from paid invoices, thus allowing such invoices to be inadvertently paid a second time. This possibility may be avoided by canceling paid invoices with a rubber stamp denoting "PAID", or writing "PAID" on the paid invoices. The check number and date paid should also be written on the paid invoices. This will ensure proper cancellation of invoices after payment, and help prevent double payment of invoices.

We noted during our testing, instances where the source document for payment was a copy of an invoice. We recommend paying only from original invoices. This will help to reduce theft and fraud. This will also help to prevent duplicate payment of an invoice.

PAYROLL

We noted during our testing, instances where employee payroll deductions were not supported by the appropriate documentation. While to our knowledge there were no accounting errors as a result of this, complete and current personnel files containing support for all payroll deductions should be established and maintained for each employee. We recommend that personnel files be reviewed for all existing employees and that proper supporting documentation, signed by the employee, be obtained for all payroll deductions.

We noted during our testing, instances where the withholding exemptions per the W-4 in the personnel files did not agree to the exemptions withheld. Maintaining current personnel files is an important internal control and it is critically important in substantiating deductions from payroll. We recommend that a new W-4 be completed by the employees each time they request a change in their withholding exemptions. If an employee does not request any changes for several years, a new W-4s should be obtained at least every three years. This will ensure that current federal and state withholding tax forms are completed and on file and will provide complete and current personnel files.

We are grateful to the Authority employees for their assistance and cooperation extended to us during the audit.

Very truly yours,

A handwritten signature in cursive script that reads "Layton & Richardson, P.C.".

Certified Public Accountants

East Lansing, Michigan
June 19, 2007